



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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Third District

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Fifth District

June 29, 2007

To: Supervisor Zev Yaroslavsky, Chairman
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

Budget Conference Committee

The Conference Committee reconvened today and completed action, by all Democrats voting in favor with the Republicans in opposition of the final Conference Committee Report. While Sunday, July 1 marks the start of the new fiscal year, the adoption of an on-time State Budget is unlikely as both Houses still have to cast a vote before the Budget Bill proceeds to the Governor for final approval. The California Constitution requires the Legislature to approve the Budget Bill by June 15, and for the Governor to sign it into law by June 30.

In his closing remarks, Chair, Assembly Member Laird stated that the Conference Committee Budget represents a fair, balanced, and responsible State Budget with a sound reserve of about \$2 billion.

In addition to taking final action on the major items of contention, such as transportation funding, development of program criteria for the allocation of infrastructure bonds, Proposition 98 and higher education funding, the Committee took action on the items of interest to the County as indicated below.

Public Transportation Account (PTA) Shift and Spillover Revenue. The Conference Committee reached a compromise and approved \$551 million of the transit funds including spillover revenue for General Fund relief as follows: 1) \$339.0 million for debt service; 2) \$129.0 million for Developmental Services – Regional Center Transportation; and 3) \$89.0 million for Proposition 42 loan payoff. The proposal also allocated \$800 million to go to transit for operating costs. The revised proposal was approved by a 2 to 1 vote in the Assembly and 2 to 1 vote in the Senate. The County supported the Senate recommendation to reject the Governor's Budget proposal to shift \$1.3 billion in General Fund to the PTA. In addition, the County opposed the Assembly proposal to add "spillover" sales taxes to Proposition 42 revenues and change the distribution formula among the State Transportation Improvement Program, cities, counties, and transit.

Proposition 1B - Local Streets and Roads. The Conference Committee approved the Assembly proposal to allocate \$600 million in Proposition 1B funds for cities and counties for street and road improvements in FY 2007-08. The proposal was approved by a vote of 2 to 1 in the Assembly and 2 to 1 in the Senate. According to the California State Association of Counties (CSAC), \$300 million will be appropriated for counties. The County supported the Assembly proposal.

Transitional Housing Plus (THP) Program. On June 12, 2007, the Conference Committee approved the Senate proposal for a \$19.7 million augmentation above the Governor's May Revision amount of \$15.5 million for FY 2007-08. Today, the Conference Committee re-opened the THP budget item, and voted to appropriate an additional \$10.5 million in the budget year to fund current year costs. The proposal was approved by a vote of 2 to 1 in the Assembly and 2 to 1 in the Senate. The County supported the Senate proposal for a \$19.5 million augmentation in FY 2007-08 and **AB 845 (Bass)** which would have provided the additional \$10.5 million to cover the current year deficiency, but failed passage on the Senate Floor yesterday by a partisan vote of 23 to 13.

Trial Court Security. On June 19, 2007, the Conference Committee approved the Assembly version to reject to the Governor's May Revision proposal to increase funding for court security costs. The proposal was approved by a vote of 3 to 0 in the Assembly and 2 to 1 in the Senate. An element of the proposal would have reduced the County's Trial Court Maintenance of Effort obligation by \$3.9 million annually, in exchange for the County taking over the responsibility to fund retiree health costs for court security staff. If the Governor's proposal had been approved, it could have resulted in significant cost increases for the County in future years, as retiree health care costs continue to increase at a rapid rate.

Overall, as reported in our June 26, 2007 Sacramento Update, the Conference Committee actions reduced the impact to the County from an estimated May Revision

loss of \$42.9 million to an estimated loss of \$24.3 million. The attached chart provides a breakdown of the estimated impact on the County by program.

Pursuit of County Position on Legislation

AB 739 (Laird), as amended on June 1, 2007, would establish criteria by which the State Water Resources Control Board (SWRCB) and the Department of Water Resources (DWR) award grants for stormwater management projects funded by a portion of the proceeds of Proposition 1E flood bonds and Proposition 84 resources bonds approved by the voters at the November 2006 election.

Under existing law, the SWRCB and the California regional water quality control boards (RWQCB) prescribe waste discharge requirements for the discharge of stormwater in accordance with the National Pollutant Discharge Elimination System (NPDES) permit program established by the Federal Clean Water Act and the California Porter-Cologne Water Quality Control Act.

Among other things, Proposition 84 earmarks \$90 million for matching grants to local agencies to reduce and prevent stormwater contamination of rivers, lakes and streams. AB 739 would require the \$90 million designated for stormwater to be used for the following purposes, including, but not limited to projects: 1) designed to assess stormwater program effectiveness; 2) to meet Total Maximum Daily Load (TMDL) requirements where pollutant loads have been allocated to stormwater such as copper, mercury, and trash pollutants; 3) that implement low impact development and other on-site practices that maintain predevelopment hydrology for new development and redevelopment projects designed to infiltrate, filter, store, evaporate, or retain runoff close to the source of the water; 4) that treat and recycle stormwater runoff; and 5) that implement best management practices required in municipal stormwater permits issued by RWQCBs.

In addition, AB 739 requires SWRCB to develop a comprehensive framework for assessing the effectiveness of municipal stormwater management programs undertaken in accordance with the NPDES program pertaining to municipal and industrial stormwater discharge, and requires SWRCB and RWQCBs to include requirements for evaluating and reporting on stormwater permits issued under the Federal Clean Water Act and the State's Porter-Cologne Water Quality Control Act. This would be in addition to the stormwater permits currently issued. The proposed coordinated approach between SWRCB and DWR would, in addition to the \$90 million designated for stormwater projects, address the State's priority needs related to the allocation of \$300 million for grants for stormwater management projects (Proposition 1E), \$1 billion for grants to assist local agencies to meet long-term water needs (Proposition 84), and \$90 million for matching grants for protecting beaches and coastal waters (Proposition 84).

The Department of Public Works (DPW) indicates that their current stormwater monitoring program includes 13 sampling locations countywide, each sampled between 4 to 6 times annually during both dry weather and storm conditions. DPW states that the labor, equipment and lab costs total nearly \$1.0 million. DPW indicates that this program is designed to assess gross, long-term water quality trends but is insufficient for measuring the effectiveness of the department's stormwater management programs. To do so would require more sampling sites monitored more frequently.

DPW acknowledges that there is a tremendous need for the SWRCB to develop a template municipal stormwater discharge permit monitoring plan that focuses on assessing permit program effectiveness. However, DPW states that new monitoring plans developed by either the SWRCB or the RWQCB for stormwater monitoring have historically been supplemental to existing monitoring plans rather than substituting for existing ones. DPW indicates that the effectiveness monitoring plan as described in the bill is comprehensive as it specifies that the plan should address all of the programs under a municipal stormwater permit.

However, since DPW currently spends approximately \$1.0 million per year for stormwater permit monitoring, the effectiveness monitoring plan described in AB 739 could cost the County up to an additional \$1.0 million annually. DPW believes that the current stormwater monitoring program should be replaced with the new monitoring plan described in the bill, otherwise there will be some duplication of processes, and an increase in costs. Therefore, DPW recommends that the County oppose AB 739, unless amended to restrict the monitoring required under a stormwater permit to the effectiveness monitoring plan in the bill.

The County has existing policy to: 1) support proposals that promote a shared federal, State and local funding formula to pay for implementation of TMDL and other stormwater requirements; and 2) oppose unfunded mandates. Since AB 739 does not provide resources for the additional funding required by the bill, opposition to AB 739 is consistent with existing County policy. **Therefore, our Sacramento advocates will oppose AB 739, unless amended as indicated above.**

Support and opposition to AB 739 is unknown at this time. This measure is set for hearing in the Senate Environmental Quality Committee on July 2, 2007.

Status of County-Advocacy Legislation

County-supported SB 732 (Steinberg), which would require the State Department of Parks to establish competitive grant programs to allocate funds under Proposition 84 for: 1) nature education and research facilities (\$100 million); 2) local and regional parks (\$400 million); 3) the Sustainable Communities Council to distribute funds for urban greening (\$90 million); and 4) planning grants and planning incentives (\$90 million); in

addition to allocating 4200 million in Proposition 1C funds for housing-related parks in urban, suburban, and rural areas, passed the Assembly Committee on Water, Parks and Wildlife on June 26, 2007 by a vote of 9 to 2. As amended in Committee, the duties of the Sustainable Communities Council would include the development and implementation of programs to provide parks, recreation areas, and facilities throughout the community. SB 732 is scheduled for a hearing on July 3, 2007 in the Assembly Committee on Local Government.

County-supported SB 990 (Kuehl), which would authorize Director of Toxic Substances Control (DTSC) to compel a responsible party or parties to take or pay for appropriate removal or remediation action necessary to protect public health and safety and the environment at the Susana Field Laboratory site in Ventura County and require as a condition for any sale, lease, or sublease, or transfer of any land presently or formerly occupied by the Santa Susana Field Laboratory, also known as Rocketdyne, that the DTSC certify that the land has undergone complete remediation pursuant to specified protective standards, passed the Assembly Committee on Environmental Safety and Toxic Materials on June 26, 2007, by a vote of 5 to 1, and is currently awaiting a hearing in the Assembly Committee on Appropriations.

County Interest Bills

AB 1253 (Caballero), as amended on June 21, 2007, would establish the Sustainable Communities and Urban Greening Grant Program in the State Resources Agency and allocate \$90 million for urban greening projects and \$90 million for planning grants and incentives from Proposition 84. The bill would create the Integrated Sustainable Planning Implementation Council consisting of the Secretary of the Resources Agency, the Secretary for Environmental Protection, and the Secretary of Business, Transportation and Housing. The council would develop and administer a competitive grant program to local agencies and nonprofit organizations for the purpose of improving the sustainability and livability of communities through the development of green infrastructure that provides multiple benefits, including air and water quality improvements, energy and water conservation, climate change mitigation, recreational opportunities, and other community benefits.

Eligible projects would include: 1) the development of sustainable communities and urban greening plans; 2) improvements to existing and planned public infrastructure, including access to parklands; and 3) joint use projects. AB 1253 also would require the council to develop and administer a competitive grant program to local agencies, regional councils of government, and metropolitan transportation organizations to develop and implement regional and local land use plans.

There is no known support or opposition. AB 1253 passed the Senate Committee on Natural Resources and Wildlife on June 26, 2007 by a vote of 5 to 2 and is now

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scheduled for a hearing on July 11, 2007 in the Senate Committee on Local Government.

We will continue to keep you advised.

DEJ:GK
DD:MR:EW:hg

Attachment

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations

**ESTIMATED IMPACT TO LOS ANGELES COUNTY
FROM THE GOVERNOR'S FY 2007-08 PROPOSED BUDGET**
(In Millions)

<u>Reductions / Unfunded Programs :</u>	January Budget	May Revision	Conference Committee
Integrated Services for Homeless Adults with Serious Mental Illness Program	(17.0)	(17.0)	0.0 ⁽¹⁾
Substance Abuse Crime Prevention Act Program (Proposition 36)	(7.0)	(7.0)	3.8 ⁽²⁾
February 2008 Presidential Primary Election	(20.0)	(20.0)	(20.0) ⁽³⁾
Property Tax Administration Program	(13.5)	(13.5)	(13.5) ⁽⁴⁾
Mentally Ill Offender Crime Reduction (MIOCR) Program	0.0	0.0	(3.4) ⁽⁵⁾
Williamson Act Program Reduction	0.0	(0.04)	(0.04) ⁽⁶⁾
	\$ (57.5)	\$ (57.5)	\$ (33.1)
<u>Unavoidable Costs :</u>			
State-approved Foster Care Provider Rate Increase	0.0	0.0	(5.2) ⁽⁷⁾
<u>Augmentations / Restorations :</u>			
Health Care Workforce Development	5.7	5.7	5.7
California Adult Probation Accountability & Rehabilitation Act Program	13.8	6.9	? ⁽⁸⁾
LEADER System Replacement	2.0	2.0	2.0
Transfer of Juvenile Justice Population to Counties	?	?	? ⁽⁹⁾
Adult Protective Services (APS) Program Augmentation	0.0	0.0	3.1 ⁽¹⁰⁾
High Risk Pest Exclusion (HRPE) Program Augmentation	0.0	0.0	0.5 ⁽¹¹⁾
Public Library Fund Augmentation	0.0	0.0	0.1 ⁽¹²⁾
Transitional Housing Plus (THP) Program Augmentation	0.0	0.0	2.6 ⁽¹³⁾
	\$ 21.5	\$ 14.6	\$ 14.0
Estimated Net Impact	\$ (36.0)	\$ (42.9)	\$ (24.3)

Notes:

- (1) The Conference Committee approved the Senate proposal to fully restore \$54.9 million Statewide for the AB 2034 Program.
- (2) The Conference Committee approved the Senate proposal to restore Prop. 36 funding and augment the Offender Treatment Program by \$15 million.
- (3) Reflects the estimated cost for the County to conduct the February 2008 Presidential Primary Election. While the May Revision indicates the Administration's intent to provide reimbursement in FY 2008-09, the County will have to fund the election in FY 2007-08.
- (4) PTAP was suspended as part of the 2005 Budget Act with the understanding that it would be reinstated in FY 2007-08. The program was not restored in any of the State Budget proposals.
- (5) The Conference Committee voted to eliminate funding for the MIOCR Program in FY 2007-08. Impact to the County reflects reductions to the Sheriff, Probation and DMH.
- (6) Reflects impact as a result of the May Revision proposal to eliminate funding for the Williamson Act subsidies to counties.
- (7) Estimate reflects only a 6-month impact on the County as the rate will be effective 1/1/08. Annualized impact is \$10.4 million. The Conference Committee approved a proposal to increase provider rates by 5% for foster and group homes (foster family agencies were excluded). Under the proposed Title IV-E Waiver, the County is responsible for covering the cost of the County and Federal portions of the rate increase.
- (8) The May Revision included \$25 million for the new CAPARA Program; however, BCC only approved \$20 million for a 4-county pilot program. It is not known if LA is a pilot.
- (9) The Conference Committee reached a compromise agreement on 6/19/07; however, no information is available yet to assess the impact of the new initiative.
- (10) The Conference Committee approved the Assembly proposal to augment the APS Program by \$12 million Statewide.
- (11) The Conference Committee approved a proposal to augment the HRPE Program by \$1.5M for agriculture commissioners and \$700K for border inspections.
- (12) On June 19, 2007, the Conference Committee reached a compromise and approved a \$1.0 million Statewide augmentation for the the Public Library Fund.
- (13) On June 19, 2007, the Conference Committee approved the Senate proposal to augment the THP Program by \$19.7 million Statewide.

This table represents the estimated loss/gain of State funds based upon the Governor's Proposed Budget, May Revision, and Conference Committee proposals. It does not reflect the actual impact on the County or a department which may assume a different level of State funding or be able to offset lost revenue.